

BUDGET PROCEDURES AND FISCAL POLICIES

BUDGET PROCEDURES

Organization

The City of Redmond's accounting and budgeting systems are organized and operated on a fund basis. Funds are accounting entities used to record revenues and expenditures. Each fund is balanced, meaning total revenues equal total expenditures. The budgeted funds are grouped into six categories: General, Special Revenue, Debt Service, Capital Projects, Enterprise, and Internal Service.

The Revised Code of Washington 35A.34 allows all code cities to establish a biennial budget starting with odd numbered years.

The City of Redmond converted to a two-year budget cycle beginning with the 1997-1998 biennium.

The City establishes a 24-month budget for all funds with the exception of Local Improvement District (LID) Construction, Special Assessment Debt Service, and Agency Funds. Budgets for governmental fund types are established on a modified accrual basis. Budgets for proprietary fund types are established to approximate sources and uses of funds. While most proprietary fund revenues and expenditures are budgeted on a full accrual basis, the following adjustments are necessary to convert to a sources and uses format:

- No appropriation is made for depreciation, amortization, or accrued vacation;
- Loan proceeds are budgeted as an "other financing source"; and
- Capital assets and principal payments on bonds and capital leases are budgeted as expenditures.

The following funds are budgeted on a biennial basis:

General Fund

Special Revenue Funds

Recreation Activity
Arts Activity
Park Maintenance and Operations
Special Events
Cable Access
Operating Grants
Human Services Grants
Fire Equipment Reserve
Operating Reserves
Advanced Life Support
Aid Car Donation
Real Estate Excise Tax
Drug Enforcement
Capital Equipment Reserve

Capital Projects Funds

Council Capital Projects
Park Capital Projects
Transportation Capital Projects
Fire Capital Projects
Police Capital Projects
General Government Capital Projects
Park Acquisition and Renovation
1993 G.O. Bond – Fire

Debt Service Funds

Excess Levy
Park Loans

Enterprise Funds

Water/Wastewater Operations and Maintenance

Special Revenue Funds (continued)

Emergency Dispatch System
 Hotel/Motel Tax
 Business Tax
 Solid Waste/Recycling

Enterprise Funds (continued)

UPD Water/Wastewater Operations
 Water/Wastewater Construction
 Stormwater Management
 Stormwater Construction
 UPD Construction

Internal Service Funds

Fleet Maintenance
 Insurance Claims and Reserve
 Medical Self-Insurance
 Workers' Compensation Insurance
 Information Technology

The General Fund is the largest fund in the City and is used to account for revenues which are not designated for specific activities and programs.

Special Revenue Funds are used to segregate revenues which are restricted for specific purposes.

Debt Service Funds account for the payment of principal and interest on general long-term debt.

Capital Project Funds account for financial resources used for the purchase of land and the acquisition/construction of capital facilities and equipment.

Enterprise Funds account for operations that are financed and operated in a manner similar to private businesses, where it is the intent of the City that the costs of providing services to the general public will be recovered primarily through user fees/rates.

Internal Service Funds account for the financing of goods or services provided by one department, agency, or government unit to other departments or agencies of the City.

Budget Process

The biennial budget is proposed by the Mayor and adopted by the City Council with legal budgetary control at the fund level. Expenditures may not exceed appropriations. Any unexpended appropriations lapse at the end of the biennium.

State law establishes the budget process and the time limits under which a budget must be developed. In even-numbered years, Redmond follows the procedures outlined below to establish its biennial budget on or before the following:

- In February, the City Council has a retreat to discuss programs and priorities for the next two years.
- No later than the first Council meeting in March, the Mayor submits a budget calendar to the City Council for approval.
- In April, preliminary revenue estimates are developed by the Finance Department and presented to the Mayor.

- In May, the Mayor meets with department heads to prepare for the upcoming budget process.
- In June, each department receives a budget information packet, and begins to prepare requests for personnel, equipment, or new programs.
- In July, a retreat is held for department heads and the Mayor to review budget issues.
- In early August, department/fund line item budgets are submitted to the Mayor.
- In August, the Mayor and Finance Department staff meet with each department to review base budgets and program requests. From these meetings and subsequent meetings held with department heads, the Mayor decides what additions or cuts will be included in the preliminary budget.
- In October, preliminary budget estimates are made available to the public.
- No later than November 1, the Mayor files the preliminary budget and a budget message with the City Clerk's office.
- The City Clerk's office publishes notice of the filing of the preliminary budget and publishes notice of public hearings.
- In November, the City Council holds a series of study sessions to review the preliminary budget to determine whether any modifications to the Mayor's recommended programs are necessary.
- Three public hearings are held prior to the adoption of the budget for the public to comment on tax rates and recommended programs, and to offer ideas for new programs.
- Prior to the beginning of the biennium, the City Council, by a majority of the members present, adopts by ordinance a final operating budget and property tax levy.
- The Line Item Budget is published and distributed during the first quarter of the new biennium.
- The Final Budget document is printed and distributed in March.

Budget Adjustments

Budget adjustments are needed when:

- Total expenditures in a fund will exceed the total budget for that fund, or
- Departments request authorization to allocate money for an item or activity which was not included in the original budget.

Adjustments to the budget proceed as follows:

- The Finance Department receives a request for a budget adjustment from a department or through Council action.
- If the requested adjustment does not change the budget total for that fund, a memo is sent to the Mayor for approval/disapproval.
- If the requested adjustment changes the budget total for a fund, the Financial Planning Division verifies there are sufficient resources for the adjustment, prepares a memo outlining the nature of the adjustment, and drafts an ordinance to accomplish the change.
- The Mayor presents the ordinance to the Council for their approval.
- Once the ordinance is approved, the City Clerk's office publishes the ordinance in the City's official newspaper.